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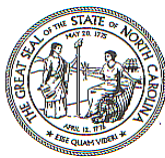
# SCAMS & FRAUD

PROTECT YOURSELF - DON'T BE A TARGET



NC Attorney General Roy Cooper

STAY SMART AND STAY SAFE!



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## SOME FRAUDS, SCAMS AND QUESTIONABLE BUSINESS PRACTICES CURRENTLY TARGETING OUR SENIORS

February 2008

North Carolina's senior citizens are a great resource for our state, and all of our lives have been enriched by their contributions. Our seniors have earned our respect and gratitude.

Unfortunately, criminals know that some seniors may be vulnerable to being "conned" or manipulated into surrendering their hard-earned cash. They target our loved ones with a seemingly endless variety of frauds, scams and questionable business practices. They try to take advantage of seniors' trusting nature, sympathy, or financial status. In some instances they try to capitalize on a senior's faltering memory, or on a senior's diminished capacity to make good decisions.

The Consumer Protection Division of my office assists seniors who have been victimized. But knowledge is the best defense against these crimes, so we also work to prevent seniors from becoming victims in the first place. We also track the various frauds and scams that are in use, and this document lists many of the methods currently being used against our seniors. Please use this information to educate yourself and your loved ones about these threats to their financial security and peace of mind. And remember, there are some basic rules that can help to protect any consumer, young or old:

- \* **Protect your numbers...** never give out your Social Security number, credit card or bank account number to a person who contacts you by phone or email.
- \* **Don't pay money "up front"** in order to get a loan, or to collect a prize. It's illegal to require such a payment. (And if someone says you've won a lottery or sweepstakes that you don't recall entering, they are trying to "win the lottery" by pulling a scam on you!)
- \* **Be wary of door-to-door "contractors"** and others offering home repair services.
- \* **Avoid get-rich-quick schemes.** If something sounds **too good to be true**, it probably is.

Working together, we can protect our seniors from heartache caused by unnecessary financial hardships and treacherous con artists.

**Attorney General Roy Cooper**

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## **I. TELEPHONE FRAUD**

### **INTERNATIONAL LOTTERIES**

*Callers claim they will enroll you in the best overseas lottery opportunity each week. They say "For your convenience, the cost of this service will be charged to your credit card or checking account." Although the scammers will pay out small sums in "winnings" from time to time to keep you interested, the typical victim is charged \$10 -100/week. Occasionally, the scammers may offer a special opportunity on a "sure bet" lottery package for "only" \$5,000 -10,000. They are not enrolling you in any lotteries. (See also, "Counterfeit Checks from Phony Lottery and Sweepstakes Companies," page 6.)*

### **CALIFORNIA SWEEPSTAKES**

*Callers advise that you have won a sweepstakes in California. They request your bank account numbers to ensure payment of California taxes on the award after you receive it. Your bank account is debited \$200 to \$400 the following day. Unauthorized debits may occur several more times during the following weeks. This fraud is often used against lower income seniors.*

### **"GRANDMA/GRAMPA, IT'S ME!"**

*Very elderly citizens are being targeted by young callers claiming to be relatives. They begin the conversation with the exclamation, "Grandmother, it's me! Don't you know who this is?" If the targeted senior volunteers the name of a grandchild, the caller adopts that name and then pretends to be in trouble and in need of assistance. The caller begs "please don't tell my parents" because the predicament is embarrassing. He or she will send a friend to the elderly person's home to pick up cash or a check to resolve the predicament. Typical loss: \$200-2000.*

**(Source: NC Attorney General Roy Cooper's Telemarketing Fraud Prevention Project, US Dept. of Justice Grant # BJA 1999-LS-VX-0004, and Grant # 2003-DD-BX-0318, Tel. 919-716-6000)**

### **CREDIT CARD OR IDENTITY THEFT INSURANCE**

*Callers claim they can protect consumers from identity theft and from thieves who might steal credit card numbers using the Internet. They warn that "Thieves will run up hundreds of thousands of dollars in debts in your name, and you'll be liable unless you purchase this protection" for \$200-\$600. In fact, federal law already protects consumers from liability for such theft and for misuse of their credit card numbers.*

## **GUARANTEED GOVERNMENT GRANTS**

*Callers tell consumers they appear to be qualified for a free, guaranteed government grant because of their age, their employment status or the area in which they live. The caller asks a few questions, such as, "Have you ever been delinquent on your taxes or been convicted of a felony?" When the consumer says "no" the caller tells the consumer he or she definitely will receive the grant. The caller then requests the consumer's bank account information "so that the grant money can be deposited." Instead of putting money in, the scammer withdraws money from the consumer's account for "processing fees." [Florida-based scammers often mail brochures about government grant programs, but the consumer must still apply for the programs and there is no guarantee he or she will be awarded a grant. Scammers based overseas send nothing.]*

## **RECOVERED ASSETS**

*Scammers mail postcards informing recipients that money or property in their names has been located. Recipients are urged to call a toll-free number for further details. In many instances the number rings in an overseas call center. Those who call are told that they need to provide financial information, including checking account number, social security number and mothers' maiden name in order to have the money or property released. Consumers who provide the information have their checking accounts electronically debited, sometimes repeatedly. Even worse, their financial information is used to commit identity theft.*

## **MEDICARE DISCOUNT DRUG CARDS**

*Seniors are called and offered Medicare drug discount cards with tremendous benefits. Then they are asked to give their banking account numbers so their accounts can be debited to pay for the discounted card. Consumers who provide the information receive a card that is not honored by pharmacies in their community, or they receive nothing at all. Meanwhile, the scammers withdraw funds from their victims' checking account.*

## **PUBLIC HEALTH DEPARTMENT -- HEALTH CARE VOUCHER CALLS**

*Callers identify themselves as state or local public health officials. They contact low income citizens, claiming that they can provide special health care vouchers. They request Social Security numbers and personal financial information, including bank account numbers. They debit the bank accounts of those who comply. Note: Those who refuse to give their information often are subjected to abusive comments and repeated, aggressive calls.*

## **PHONY BANK SECURITY OFFICER**

*As a follow-up to the two preceding scams, the fraud artists call back. They claim to be with the consumers' bank, and mention the fraudulent charges made against the consumers' bank accounts during the earlier scams. After discussing the charges for a few minutes, the fraud artists request the consumers' bank account numbers "in order to return the improperly debited funds." They tape record the consumers' recitations of these numbers, and then use the recordings to make additional electronic debits to the consumers' bank accounts. Debits are usually in the \$200 to \$400 range.*

## **COUNTERFEIT CHECKS FROM PHONY LOTTERY & SWEEPSTAKES COMPANIES**

*International Lottery scammers (see page 4) are now mailing checks to consumers in amounts ranging from \$2000 to \$5000 dollars. Then they call from overseas to say that the consumers have won a million dollar lottery or sweepstakes prize in Canada, Australia or some other country."The check was sent to help you cover certain administrative fees, taxes or insurance on the award, since U.S. law prohibits requiring contest winners to pay anything to collect a prize." The consumer is instructed to deposit the check, and then send the same amount of money to cover the fees, insurance and taxes on the award. Ultimately the consumer's bank determines that the check is counterfeit, but the consumer has already wired the requested funds to the overseas scammers.*

### **"COLLECT CALL FROM THE PRIZE PATROL!" -- LOUIS WHITEHEAD, SWEEPSTAKES OFFICIAL**

*A well-spoken fraud artist calls consumers, claiming to represent the company whose sweepstakes commercials are currently airing on TV. He announces that you are the winner but he says that the "prize patrol" will drive past your house and award the prize to someone else if you do not wire him funds (usually \$600 to \$6000) to cover taxes on the prize. The caller uses the name Louis Whitehead, and calls from pay phones in or near the Atlanta Airport. Calls from Mr. Whitehead often begin, "Collect Call from the Prize Patrol."*

## **PHONY OFFICIAL FROM A FEDERAL AGENCY**

*Scammers call and claim that you have won millions of dollars in a major international sweepstakes, or that there are problems with your Social Security records. Some fraud artists pretend to be with a federal agency. They may claim that they are with the Federal Trade Commission, and tell you that you must wire \$2000 or more to a Lloyd's of London office in San Jose, Costa Rica in order to insure your international sweepstakes award as it is being delivered. Other scammers claim to be with the Social Security Administration. They say that there is a problem with your Social Security records, and that you may be entitled to some additional Medicare or Social Security benefit. Then they request your personal banking information. Their goal is to withdraw funds from your bank accounts.*

## **TERRORISM AND MONEY LAUNDERING AUDIT FEES**

*A follow-up caller tries to steal more money from people who've just been scammed.* Victims of some of the preceding scams who have sent money overseas often receive follow-up calls from the scammers. They claim to be FBI, IRS or Department of Homeland Security agents who have impounded the entire prize award. They claim that the prize funds must be traced and audited to ensure that they do not involve organized crime or terrorism; otherwise they will be forfeited to the U.S. Treasury. They claim further that the victim must pay for this by wiring several thousand dollars.

## **BRITISH BOND SCAM**

*The scammer calls to say that you have won a life-interest in a bond issued by a British bank.* Monthly income generated by the bond will come to \$2,000 to \$3,000, and the bond will be registered in Canada so that it cannot be taxed in the US. You must wire \$2500 to have it registered in your name.

## **MONTREAL BARRISTER/CANADIAN LOTTERY SCAM**

*The caller claims to be an official with the Canadian Lottery, or a barrister (attorney) representing the lottery.* He says you have won second place prize in a large sweepstakes, \$300,000 to \$500,000, and must forward \$30,000 to cover Canadian taxes before the prize can be released from the company's escrow or attorney trust account. If you pay, you will receive a second call informing you that you have actually won first place and need to send even more money.

## **PHONY CUSTOMS OFFICER**

*The caller claims your sweepstakes prize is in his customs warehouse in New York.* You must wire \$10,000 to \$30,000 to a "bonded customs agent" to cover customs duties before the prize can be released. [A recording of such a call can be heard by dialing the Attorney General's Automated Information Line, 919-716-6001, and selecting option #3.]

## **PHONY IRS AGENT**

*The same people who run the Phony Customs Officer scam will call again after receiving your payment.* This time they'll identify themselves as IRS agents in a nearby city, and they'll claim that U.S. income taxes are owed on your prize. They will have to send it back if the taxes aren't paid. Caller ID information on your telephone may indicate that they are calling from the IRS. But the scammers are manipulating Voice Over Internet Protocol (VOIP) calling technologies to generate the Caller I.D. number. Actually, they are criminals calling from overseas. They ask you to wire them several thousand dollars to pay the taxes.



### **“YOUR PHONE/POWER/GAS SERVICE WILL BE DISCONNECTED”**

*Scammers posing as representatives of utility companies call you. They claim that your payments are past-due and that service will be disconnected if you do not pay immediately. They request and obtain your bank account number or your credit card number, then make withdrawals from your account. In some variations of this scam, they ask you to wire money to a distant city in order to avoid interruption of service.*

### **SURPRISE PRIZE CHECK SCAM**

*Unannounced and via overnight courier, you receive a check for \$500,000. It is drawn on the account of a major corporation and it comes with a cover letter stating you have won a major prize in an overseas contest. The letter instructs you to deposit the check with your bank immediately. Your bank may indicate that the check appears to be drawn on a valid account. Later that day, you receive a call informing you that a mistake has been made. “Taxes were not deducted from the check, and a stop payment order will have to be placed if you do not wire funds (usually \$10,000 to \$30,000) immediately.” Days after you wire the money out of the country, your bank informs you that the \$500,000 check was counterfeit.*

### **“GO BACK TO WESTERN UNION/MONEYGRAM”**

*As a follow-up to many of the scams listed previously, the caller will claim that your money was never received: “Send another payment. The company will issue a refund for the first attempt when you show them the letter I am sending to you.” Another variation involves a follow-up call in which the scammer, who picked up your money the day before, claims, “The prize you paid taxes on yesterday was a second place prize, but we now realize that you came in first place! Please send us a second wire payment in the same amount as yesterday to cover the taxes on the much larger first place award.”*

### **FUNDS RECOVERY SCAM**

*Another follow-up scam: the caller says your earlier payments and your winnings have been seized from a crooked sweepstakes company pursuant to a court order. He claims to be an attorney or court appointed receiver, and says you can still receive your winnings if you pay taxes again, and/or his retainer fee, usually \$10,000 to \$30,000.*

## **WAL-MART STORE VOUCHER SCAM**

*Scammers are now claiming that they represent Wal-Mart or some other major retailer. "You have been selected to receive special store vouchers worth \$495 as part of a nationwide promotion." The scammers request your bank account numbers so they can withdraw \$4.95 from your checking account to cover the costs of delivering the voucher. If you provide the numbers, your checking account will be electronically debited in the amount of \$495, sometimes more than once. No voucher is ever delivered.*

## **II. HOME REPAIR FRAUD TARGETING THE VERY ELDERLY**

### **FALLING CHIMNEY**

*A contractor knocks on your door and says your chimney is separating from your house. He claims it might fall on the neighbor's house or yard, and he says he can secure it. He and his crew simply place a useless metal strap around your perfectly sound chimney. They charge \$800 to \$2000.*

### **"My Leg Went Through Your Roof, Sir!"**

*A man offers to clean your gutters for a small fee. Afterwards, he shows you pieces of rotten wood and claims your roof is rotting: "my leg went completely through it." He says your entire roof needs replacing and he can have a crew there in minutes to do the work. The crew comes and lays new shingles over your perfectly good roof. They demand \$7000 to \$8000.*

### **MEALY WORM SCAM**

*Adding a scam on top of a scam, the same roof repair crew may show you a bag full of worms. They claim that the worms are consuming the wood in your attic, and offer to kill the pests by spraying your attic. In fact the worms are "mealy worms" commonly used to feed small pets. They spray your attic with a mixture of water, kerosene and other smelly substances. Usual charge: \$1000 to \$3000.*

### **ATTIC BRACING SCAM**

*In a different follow-up scam, the crew says repairs to the roof have weakened the rafters in the attic. They offer to brace them up so the roof will not collapse. They hammer two-by-four studs between the rafters and the floor of the attic, then charge \$100 for each of these "braces." The braces, often called "stiff knees," are unnecessary and can actually cause damage to the ceilings of rooms below during periods of high wind or heavy snow.*

## **TOILET BOWL SCAM**

*A member of the crew asks permission to use your bathroom. He pours water on the floor around the base of the toilet, then says your toilet has been leaking and might have rotted the wooden sub-floor. After inspecting the crawl space he informs you that the bathroom floor is rotten and dangerous, and must be replaced. After hanging out in the crawl space and pretending to fix the floor, they charge you several thousand dollars.*

## **FLOOR JACK SCAM**

*The crew chief points out that your living room floor vibrates when his largest crewman walks across it. He asks to inspect the floor from below, and emerges to announce that the floor may collapse unless it is braced with heavy jacks. The crew installs several inexpensive and unnecessary metal “screw jacks” from a hardware store, and charges you \$500 for each jack installed.*

## **INSPECTOR SCAM**

*After you’ve been scammed one or more times, the con artists may send someone to your home pretending to be the quality control inspector. The inspector claims all of the previous repairs were performed incorrectly. He says they need to be re-done before the local building inspector finds out and condemns the home. The “inspector” promises to help you sue the scammers and recoup your money later. He secures permission and funds to do the above “repairs” again.*

## **DRIVEWAY PAVING SCAM**

*This scam is perpetrated by roving contractors who strike a victim once and move on quickly. They approach an elderly home owner and say that they have been paving another driveway in the neighborhood. They claim to have some leftover paving material, and offer an excellent deal on paving the elderly home owner’s driveway. The driveway is then coated with an oily substance or a very thin layer of asphalt. The new surface of the driveway crumbles or washes away after a few days. The payment typically demanded ranges from \$3000 to \$6000.*

## **“YOU HAVEN’T PAID US!”**

*Some of the same fraud artists who use the driveway paving scam will also sometimes confront very elderly home owners and angrily demand several thousand dollars for work they supposedly performed several months earlier. They may threaten these vulnerable seniors with lawsuits, property liens or worse. Money is obtained for work that never was performed. If the fraud artist perceives that the elderly home owner may have short-term memory problems, they might use a softer approach: “Sir, don’t you remember telling me to come back today to get paid?”*

## **“YOUR HOUSE DOES NOT MEET CODE”**

*Home repair con men often tell seniors living in older homes that features of their homes do not meet current building codes. They recommend expensive remodeling so the house will not “fail.” In fact, older homes are not required to meet contemporary construction codes and construction code officials do not make unsolicited visits to inspect existing, owner-occupied homes to determine whether they meet current construction code standards.*

## **FROZEN PIPES SCAM**

*During winter months, fraud artists sometimes approach elderly home owners and falsely report that the pipes under their homes appear to be frozen. The con men claim there will be flooding and structural damage to the home if the pipes are not repaired before they thaw. They pretend to repair the pipes under house, then collect \$1000 or more.*

## **III. PREDATORY MORTGAGE LENDING PRACTICES**

*Mortgage lenders offer loans to elderly home owners whose original mortgage loans have been paid off. These loans may be touted as a way to consolidate other debts, help grandchildren go to college, or to pay for home improvements, etc. However, unscrupulous lenders may take advantage of elderly homeowners by arranging a loan with high interest rates. They may also include expensive fees for things like credit life insurance or disability insurance, brokerage commissions, “points” and origination costs. These are financed as part of the loan so the costs may not be readily apparent to the homeowner.*

Loan terms may also include a “balloon payment” so that after just a few years, the entire amount of the mortgage loan is due. Then the lender may offer to refinance the mortgage loan claiming this will make payments easier for the elderly home owners, but the excessive fees will be charged and financed again. This cycle may take place several times, and fees for insurance on the earlier 30-year loans may not be refunded or rebated.

The end result is that home owners can quickly lose most of the equity in their homes (a process known as “equity stripping”) while continuing to face high payments for what might have originally been a modest mortgage loan.

## **IV. OTHER FRAUDS AND SCAMS**

### **IDENTITY THEFT**

*Identity theft is the fastest growing scam in the US and has been the leading consumer complaint category of the Federal Trade Commission for the past several years.*

Identity thieves target seniors heavily, because many seniors have substantial savings, little debt, or have real estate holdings that are no longer subject to a mortgage.

Many of the scams and frauds listed in this document are tricks that are used to acquire credit and checking account numbers so that those accounts can be drained.

Sometimes identity thieves take over a victim's financial identity completely, opening new lines of credit or taking steps to sell off a senior's holdings while pocketing the cash. In some cases seniors have learned of attempts to sell their homes, farms and automobiles out from under them. Some have found that mortgages have been placed on their homes and money disbursed to scammers who used their names.

To protect against identity theft, always check bills and account statements carefully for unusual charges and activities. Contact the bank or creditor immediately if you notice something suspicious. Check your credit report annually. Each of the three national credit reporting services must provide you with a free copy of your credit report once per year upon request.

If you have been victimized by this crime, contact the North Carolina Attorney General's Office (919-716-6000 or toll-free in NC: 1-877-566-7226) or the Federal Trade Commission (1-877-ID THEFT) for an Identity Theft Victim Kit. Be sure to file a police report with your local law enforcement agency if you are a victim, as this will help when you contact the credit reporting services and try to clean up your credit file. For more information about identity theft, visit [www.noscamnc.gov](http://www.noscamnc.gov)

### **SWEEPSTAKES MAILINGS**

*Sweepstakes companies have earned a reputation for misleading the public.* Many have been accused of creating the false impression that participants must purchase their products in order to qualify for a prize. Some also have been accused of creating the impression that making more purchases will increase a participant's chances of winning. And some have been accused of targeting individual seniors, giving them the impression that the contest is down to them and only a few other contestants.

These false impressions have been reinforced by skillfully worded mailings and expensive TV ad campaigns showing happy winners. As a result, many elderly participants have spent thousands of dollars, repeatedly purchasing the same products or magazine subscriptions in hopes of increasing their chances of winning the multi-million dollar prize. But by law, sweepstakes cannot require you to make a purchase in order to enter, and making a purchase cannot increase your chances of winning.

## **HEALTH-RELATED FRAUDS AND SCAMS**

*Seniors have been targeted with countless misrepresentations about miracle cures and treatments for age spots, arthritis, hearing loss, obesity, vision problems and other physical maladies.* The scammers offer money-back guarantees to get consumers to suspend their skepticism. But the guarantees usually require that the customer try the product or service for at least four months, and the companies often disappear during this period. Consumers who pay by credit card can sometimes get a refund from the credit card company if they are dissatisfied with a purchase, but most companies will not grant such a refund after 4 months.

## **OVERSEAS MONEY TRANSFERS (“NIGERIAN-419 MONEY TRANSFER SCAMS”)**

*Via fax, email or regular mail, you receive an impassioned plea from an individual purporting to be living in a third world country.* They may claim to be a former high government official, or perhaps a relative of a former dictator. In any case, they are seeking to transfer several million dollars into the U.S., and they offer you a 25% commission to use your U.S. bank account to make the transfer. They request absolute secrecy, and suggest the funds may not have been obtained legitimately. This is a ploy to acquire the number of your bank account and drain it of funds. The fraud artists may also ask you for several thousand dollars, supposedly to bribe a foreign government official who is blocking transfer of the millions into your account. Recent variations of this old scam include representations that the smuggled money is intended for orphans or a religious ministry.

## **“YOUR DISTANT RELATIVE HAS DIED IN OUR COUNTRY”**

*You receive a message that a distant relative of yours died in a foreign country years ago leaving an estate worth millions of dollars.* In this variation of the overseas money transfer scam, the scammers claim that you are the sole heir of this person and that the estate needs to be wrapped up quickly or it will be forfeited to the government. You are asked to wire funds to help pay for some aspect of the transaction. (taxes, insurance, estate administration costs, money to bribe crooked officials, etc.). After each payment the scammers come up with another reason for you to send more money.

## **PAYMENT PROCESSING SCAMS**

*Scammers write, call or email you claiming that they have received a check for several thousand dollars that they cannot cash in their own country.* In this variation of the overseas money transfer scam and the sweepstakes scams, they ask for your help in cashing the check. They endorse it and send it to you, asking you to deposit it and keep 20% while sending them the other 80%. The check appears to be from a U.S. car dealership, computer company or some other legitimate business, and it will bear a valid account number for that business. Days after you wire the 80% overseas, your bank reports that the check is counterfeit and will not be honored.

## **SECRET SHOPPER SCAM**

*You are invited to become a “secret shopper,” someone who receives compensation for doing business with a company and evaluating its performance.* Fraud artists then mail you detailed instructions on how to test the Western Union or MoneyGram wire transfer system, along with a check for several thousand dollars. You are told to deposit the check into your account, wire 90% of the funds to a person located overseas, and then immediately fill out an on-line questionnaire about your experience. Days after you deposited the check and wired the funds overseas, your bank informs you that the check was counterfeit and that your account has been debited in the amount of the check.

## **WOMAN IN DISTRESS AT THE FRONT DOOR**

*Two women knock on the door of an elderly North Carolina home owner. One says that the other is about to have a child or needs assistance of some kind. They ask to come inside and use the telephone. The women are female members of a roving home repair fraud group. While one is on the telephone pretending to call for help, the other, who pretends to be in distress, asks to use the bathroom. Instead of using the bathroom, she steals money, credit cards, jewelry and other small valuables. Then a male member of the group shows up at the curb and drives them away.*

## **SWEETHEART SCAMS**

*Elderly widows and widowers are sometimes targeted because they may be emotionally vulnerable.* Members of the traveling fraud groups or other opportunistic individuals befriend the senior and eventually pretend to be in love with them. The short-term goal is to secure gifts and loans, but the ultimate goal is to secure control of the senior's estate or financial affairs and divert assets to themselves. The “sweetheart” may accomplish this by convincing the elderly target to grant them general power of attorney, or make them the primary beneficiaries of their will.

## **CLERGYMAN SCAMS AND OTHER SCAMS OF OPPORTUNITY**

*Authority figures sometimes capitalize on their status to victimize seniors.* Some clergy members have been accused of exploiting the affections and religious sentiments of very elderly people in order to gain control over their finances. Some law enforcement officers have also been accused of misusing their positions of trust. Often these scams are designed to get the victim to grant the con artist a general power of attorney. Con artists look for signs of vulnerability, and then prey on it. A tree service man with no financial training recently obtained a northeastern North Carolina woman's property by convincing her he could manage it profitably.

## **PROMISSORY NOTE SCAMS**

*At seminars in local restaurants or hotels, promissory notes are being marketed as investments. The notes are issued by obscure companies and purportedly offer interest rates much higher than the returns on bonds or other investments. The notes and the interest payments are said to be secured by an insurance policy. But the notes may be for a failing company, and the insurance policy may be worthless to investors.*

## **PHONY GOVERNMENT HOUSING RENOVATION AGENT; ENERGY SAVINGS AGENT**

*Thieves pretend to be government officials who help seniors with low cost home renovation or energy savings projects. They ask to enter seniors' homes to take measurements. While measuring rooms and windows they pocket valuable items or look around for larger valuables (e.g., antique furniture) that can be stolen while the home owner is away.*

## **UTILITY COMPANY CUT-OFF AGENT SCAM**

*North Carolina seniors have received visits from individuals who present themselves as utility company employees. These visitors claim that the water, gas or electric bill is past due and that they have been sent to disconnect service. Seniors are told they can prevent disconnection by paying their bill and late charges. The scammers will accept a check. Seniors can also pay by providing their checking account or credit card number. The phony utility company agent will also accept cash.*

## **PHONY POLICE DETECTIVES**

*Scammers posing as police detectives knock on seniors' doors, claiming to be on the hunt for criminals or escaped prisoners. They say the suspect had mentioned the senior's name and address to others who are now in custody. They ask permission to look around the house or apartment. While one "detective" distracts the senior, the other steals valuables.*

## **PAYPHONE LEASING SCHEMES**

*North Carolina seniors lost millions of dollars when an insurance agent allegedly convinced them to invest in payphone leasing contracts. Hundreds of seniors signed up, lured by the promise of a steady income stream. They purchased payphones for several thousand dollars apiece. The company that sold the phones supposedly would lease them back, place them in locations throughout the southeast, service them, and make lease payments after deducting their expenses. Cellular telephones have significantly reduced income from payphones, so most of the money collected went to the people who sold the phones and leased them back from the victims.*



## **MEDICAL INSURANCE “GAP” POLICIES**

*Seniors whose medical bills are well covered are being signed up for unnecessary health insurance policies.* Those already served by a combination of Medicare, Medicaid, retirement health plans or other insurance are sold policies that supposedly cover only items and charges not covered by the other policies. This “gap” insurance comes with several limitations, deductibles and exclusions which make them of little value to the consumer. However, they result in large debits to the consumers’ bank accounts each month.

## **“FREE PRESCRIPTION MEDS”**

*Consumers receive letters and other messages telling them they can obtain “all their prescription medicines for free, guaranteed!”* After paying a fee, they receive application forms for pharmaceutical companies’ free prescription drug assistance programs which they could have obtained at no cost. Admission into drug assistance programs is not automatic and consumers’ applications often are rejected.

## **WORK-AT-HOME SCAMS**

*Seniors and others struggling to make ends meet may fall prey to road signs, classified ads or mailings about working at home.* Lured by promises of large earnings, they are encouraged to pay several hundred dollars to obtain necessary materials so they can get started. The “work” may be stuffing envelopes with mailings inviting others to make money at home. Or it might involve painting or assembling simple items and then returning them for approval and payment. Approval and payment are seldom granted.

## **TIMBER HARVESTING SCAMS**

*Older property owners in rural areas are being targeted by loggers who claim they will pay top dollar to harvest timber.* They promise to leave the land cleared of debris and brush, but after cutting and removing the best timber they disappear without paying. Debris and brush from the operation is left behind and the ground is rutted and damaged by timber harvesting equipment. In a variation on this scam, the unscrupulous loggers deduct the supposed costs of clearing debris and re-grading the soil, leaving the property owner with a check for only a few hundred dollars.

## **“PHISHING” & “VISHING” SCAMS**

*A consumer receives an email that appears to be from their bank.* Because of a problem with the bank’s computer or security system, the email says, the consumer needs to provide important account information immediately so that checks can be processed and other personal banking business can be transacted. The email may contain a link to a web page where this information

can be entered. However, the email and the web page are the work of identity thieves, not the bank. This kind of scam is called “PHISHING.” In a variation on this scam called “VISHING,” the email invites the consumer to call a toll-free number to provide their account information. The scammers set up automated “caller menus” where consumers can enter their personal bank account numbers and other financial information using their own telephones. In either case, the results are the same: identity theft, and unauthorized debits against the consumer’s bank accounts.

## **V. OTHER TROUBLESOME OR DECEPTIVE BUSINESS PRACTICES**

### **UNAUTHORIZED CREDIT CARD CHARGES, “ADD-ONS”**

*Seniors and others discover unordered merchandise or services charged to their credit card accounts.* This follows a face-to-face credit card transaction or a telephone purchase. The merchant or an affiliate charges the account separately for a “credit card protection” plan, a discount buying service, or a travel program. Often these purchases have been charged to the account with absolutely no authorization or discussion by the customer, although sometimes the merchant or telemarketer will casually mention the extra service or product to the customer while processing the transaction. However, charges for the additional product or service are added without getting the customer’s clear consent. Consumers should always dispute these charges promptly with their credit card company and the merchant.

### **ANNUITY SALES AND ESTATE PLANNING SEMINARS**

*While many estate planning seminars touted in newspaper ads and mailings are legitimate, others are not.* Deceitful seminars often hide behind names that make them sound like non-profit organizations for seniors. In reality, the persons conducting the seminars may be insurance salesmen seeking to sell unneeded insurance policies, annuities or “trust” programs. Or they may work in the securities industry, pushing a certain kind of investment. However, their plan for your estate may result in huge commissions for them and expensive problems for you or your heirs in the future. Many seniors are being told to liquidate their holdings and invest all of their money in long-term deferred annuities. These recommendations are being made by salesmen who employ scare tactics about stock market uncertainties or lengthy probate proceedings. In most cases these annuities are inappropriate investments for people in their upper seventies, eighties and nineties.

## **“CERTIFIED SENIOR FINANCIAL ADVISOR” AND OTHER IMPRESSIVE TITLES**

*Some salespeople have official-sounding titles, to give the impression that they have been approved by a governing body or organization. Sellers of annuities, estate planning services and other products and services often adopt impressive titles such as “Licensed Senior Financial Consultant” or “Certified Estate Planning Advisor” in order to come across as more legitimate. The supposed licensing or certifying agencies often do not exist or are controlled by the marketers themselves.*

## **EXPIRING AUTO WARRANTIES**

*Scammers want to sell you an extension of the warranty on your car, but their product can be very expensive and may not deliver what is promised. Companies unrelated to your automobile manufacturer may contact you during the fourth or fifth year that you own the car and inform you that your existing warranty is about to expire and should be extended. This communication may come in the mail or by phone. If you sign up for their extended warranty service, it may be exceedingly expensive, your car dealership will not submit claims to them, and you may receive little reimbursement for repairs.*

## **TIME-SHARE AND CAMPGROUND MEMBERSHIP SALES, LAND DEVELOPMENT SCHEMES**

*Marketers often try to convince seniors that purchasing their product will be a good investment to leave to their children and grandchildren. However, purchasers of time-shares, campground memberships and resort property shares may leave their children with something they do not want and cannot sell easily. The purchase may not appreciate in value and it could lead to years of expensive maintenance, and homeowner and membership dues. Consumers should always resist high-pressure sales tactics. Don't make a purchase immediately. Ask to take written material home for further review. If you intend to leave the property to your adult children, carefully review the materials with them.*

## **CHARITIES AND LAW ENFORCEMENT GROUPS**

### **PROFESSIONAL CHARITABLE SOLICITORS**

*Professional fundraisers can keep a significant percentage of the funds collected.* Many legitimate charities and fraternal groups utilize professional fundraisers to raise money for their operations. The U.S. Supreme Court has declared that these professional solicitors do not have to tell you how much of your money they will keep unless you ask. Some telephone solicitors keep up to 90% of what they raise, so feel free to ask. If you are still unsure, ask them to send information about the charity and their fundraising operation.

### **SOUND-ALIKE CHARITIES AND LAW ENFORCEMENT GROUPS**

*Some questionable charities choose names that are similar to the names of well-known charities.* Others may adopt a name that sounds like an official law enforcement agency. Telephone solicitors like to use police-sounding names because they know people support law enforcement and may be intimidated by a call from someone who appears to be representing a police organization. Always check out such groups (and ask how much of your money will go to a professional solicitor) before contributing to them.